

U.S. Department of Justice

*United States Attorney
Eastern District of Virginia*

*Paul J. McNulty
United States Attorney*

*2100 Jamieson Avenue (703)299-3700
Alexandria, Virginia 22314 Fax: 703-549-5202*

NEWS RELEASE

FOR IMMEDIATE RELEASE
ALEXANDRIA, VA
February 7, 2003

For further information contact
Sam Dibbley 703-299-3822

United States Attorney Paul J. McNulty announced today that James Collins, Jr., age 40 of Washington, D.C., was sentenced to ten months in federal prison; Clifton Armstrong King, Jr., age 23 of Washington D.C., was sentenced to five years probation; and Timothy L. Moody, age 29 of Washington, D.C., was sentenced to six months in federal prison. All the defendants were sentenced by the Honorable James C. Cacheris, United States District Judge, for conspiracy to commit mail and wire fraud. All had been convicted in connection with a complex staged accident ring which operated in Northern Virginia and Washington, D.C., between 1997 and 2000. A total of 15 individuals have been convicted for their roles in the scheme. Seven conspirators were convicted in the Eastern District of Virginia in 2001 and received sentences ranging from 51 to 87 months. Eight additional defendants were indicted, arrested and convicted in 2002.

The conspiracy was conceived and directed by Blake Keller and Michael Weaver, associates who were each responsible for recruiting and directing the other participants. Together, the group engaged in 110 separate staged automobile accidents, filed 126 false insurance claims, and as a result swindled victim insurance companies of over \$1 million dollars in settlement of property damage and bodily injury claims filed by the group. Over \$600,000 of the proceeds were laundered through bank accounts opened under stolen identities.

Keller, who owned and operated the now defunct Crestwood Auto Sales, in Washington, D.C., was responsible for procuring false identities for the staged accident participants. Keller stole several identities from customers who purchased automobiles from his lot. Other identities were purchased on the street for cash. These identities were then used to obtain false Virginia driver's licenses and to register and insure vehicles intended for use in the staged accident scheme. The group used at least 36 separate identities during the scheme.

Most of the fraudulent claims were the result of carefully choreographed accidents where one conspirator would rent a truck under a false name, then ram a parked vehicle registered and insured under a separate identity. Separate claims would then be filed for damages to the vehicle: one claim to a private insurance company for damaged caused by a hit and run driver, then a second, simultaneous claim to the truck rental agency for damages caused by their insured driver. The insured truck driver was, in fact, another conspirator, or in some cases the same individual who registered and insured the damaged vehicle under a second, stolen identity.

After federal investigators tipped insurance company representatives to the scheme, they were able to identify and deny over \$400,000 in false claims submitted by the group. At one point, Keller, frustrated by what he viewed as continued and unjustified denials of his insurance claims, telephoned State Farm Insurance posing as an FBI supervisor. He told a State Farm investigator that State Farm and other insurance agencies were under federal investigation for "false claim denial", and that the FBI wished to conduct an "interrogation" of the State Farm representative.

The investigation was conducted by the Federal Bureau of Investigation, United States Postal Inspection Service and the Arlington Police Department, and prosecuted by Assistant United States Attorney Robert Wiechering.

#